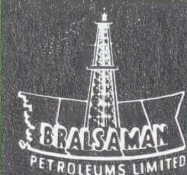


AR29

File
MAY 30 1967

B *ral*saman

PETROLEUMS LIMITED



FOURTEENTH ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1965

HEAD OFFICE: SUITE 401, 1033 DAVIE STREET, VANCOUVER 5, B.C.

TO THE SHAREHOLDERS OF BRALSAMAN PETROLEUMS LIMITED

The Fourteenth Annual Report and Audited Financial Statements of your Company for the year ended December 31, 1965, are submitted herewith for your consideration.

Decrease in the sales of crude oil and natural gas for the past year reduced the net profit of the Company by some 30% to \$29,687 compared to the net earnings reported in 1964. However, this was substantially offset by the 38% increase in the quoted market value of securities totalling \$500,306 or 65c per issued share at year end.

The Company retained its 14.7% interest or 233,585 shares of Ranger Oil (Canada) Ltd. and continued participation with that Company and others in acquiring land holdings in the Slave Lake - Mitsue Oil Field. Nineteen successful well completions are reported on parcels owned by the group with marketing of production under way through the completed Mitsue line to Edmonton. Revenue from this production is increasing monthly and will reflect favourably on the 1966 earnings statement.

Ranger Oil has also recently acquired favourably located parcels of land in the Rainbow Lake Area of Northern Alberta which indirectly gives your Company an interest in exploration in that potentially prolific area.

In view of your Company's substantial interest in Ranger Oil a copy of that Company's Annual Report has already been forwarded to you.

Submitted on behalf of the Board of Directors,

W. B. MILNER,
President.

May 30, 1966.

BRALSAMAN PETROLEUMS LIMITED AND SUBSIDIARY COMPANY, BRALSAMAN INCORPORATED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS *Year Ended December 31, 1965*

Sales of crude oil and natural gas, less cost of production and distribution		\$ 35,108.91
Interest and dividend income		120.00
		<u>35,228.91</u>
Administrative and general expenses (including directors' fees \$1,200.00)	\$ 15,244.39	
Interest paid	<u>2,763.25</u>	18,007.64
Operating Profit		<u>17,221.27</u>
Gain on sale of investments		12,466.00
Net profit for the year (Notes)		<u>\$ 29,687.27</u>

40,462
in '64

CONSOLIDATED STATEMENT OF DEFICIT

Balance at December 31, 1964	\$ 353,610.97
Add surrendered leases written off	387.98
	<u>353,998.95</u>
Less proceeds from sale of shares previously written off	4,434.04
	<u>349,564.91</u>
Less net profit for the year	29,687.27
Balance at December 31, 1965	<u>\$ 319,877.64</u>

See accompanying notes to consolidated balance sheet.

Subject to the accompanying report of Peat, Marwick, Mitchell & Co.
Chartered Accountants, dated April 12, 1966.

BRALSAMAN PETROLEUMS LIMITED AND SUBSIDIARY COMPANY, BRALSAMAN INCORPORATED

CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1965

ASSETS

Current assets:	
Cash	\$ 633.31
Accounts receivable	8,666.09
Total current assets	<u>9,299.40</u>
Investment in marketable securities, at cost (quoted market value \$500,306.05)	399,899.84
Oil and gas properties and equipment, at cost:	
Petroleum and natural gas leases, permits and interest, including development and equipment thereon:	
Producing	\$ 555,883.08
Non-producing	199,108.68
	<u>754,991.76</u>
Other equipment	417.75
	<u>755,409.51</u>
Organization expense	1,807.94
	<u>\$ 1,166,416.69</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bralsaman Petroleums Limited and subsidiary company Bralsaman Incorporated as of December 31, 1965 and the consolidated statements of profit and loss and deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

No provision for depreciation or depletion has been made by the companies since incorporation, nor has any provision for losses on abandonment of dry wells (cost approximately \$58,000.00) been made by the subsidiary.

In our opinion, subject to the foregoing, the accompanying consolidated balance sheet and consolidated statements of profit and loss and deficit present fairly the financial position of the combined affairs of the companies at December 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
April 12, 1966

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants

LIABILITIES

Current liabilities:

Bank loan, secured by 50,000 shares of Ranger Oil (Canada) Ltd.	\$ 12,000.00
Accounts payable	113,582.22
Total current liabilities	<u>125,582.22</u>

Capital and surplus:

Capital:

Authorized 1,000,000 shares of \$1.00 each; issued 775,000 shares (of which 575,000 shares for cash and 200,000 as part consideration for petroleum and natural gas leases, permits and interest)	\$ 775,000.00
---	---------------

Surplus:

Contributed (no change during the year)	\$ 585,712.11		
Deficit, per accompanying statement	<u>319,877.64</u>	<u>265,834.47</u>	<u>1,040,834.47</u>
			<u>\$ 1,166,416.69</u>

Approved on behalf of the Board:

L. G. WHITE, Director

W.B. MILNER, Director

Subject to the accompanying report of Peat, Marwick, Mitchell & Co.,
Chartered Accountants, dated April 12, 1966.

Notes:

1. Current assets and liabilities of the U.S. subsidiary have been converted to Canadian dollars at the current rate of exchange. Fixed assets have been converted at the rate of exchange existing at the date when purchased and income and expense at the average rate of exchange for the year.
2. No taxes on income are payable for the year because the companies intend to claim sufficient pre-production expenses to arrive at a nil taxable income.

DIRECTORS

W. B. MILNER

L. G. WHITE

DR. KAHO DAILY

J. M. PIERCE

AIR VICE-MARSHAL K. G. NAIRN

DAVID B. ARMSTRONG

OFFICERS

President—W. B. MILNER

Vice-President—L. G. WHITE

Treasurer—F. W. SCHROEDER

Secretary—D. E. BETCHLEY

TRANSFER AGENT

NATIONAL TRUST COMPANY LIMITED, VANCOUVER, B.C.

AUDITORS

PEAT, MARWICK, MITCHELL & CO., VANCOUVER, B.C.

SOLICITORS

BULL, HOUSSER & TUPPER

675 WEST HASTINGS STREET, VANCOUVER 5, B.C.

HEAD OFFICE

SUITE 401, 1033 DAVIE STREET, VANCOUVER 5, B.C.